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Essential Provisions of the Agricultural Act of 1954 Affecting
Price Support, Acreage Allotments, and Marketing Quotas for Grains

I. Wheat

1. Price Support

(a) Levels of price support

The mandatory price supports at 90 percent of parity now in effect will be allowed to expire with the 1954 crop, as provided in the Agricultural Act of 1949.

For the 1955 crop, flexible price supports, ranging from 90 to 82-1/2 percent of parity -- the percentage depending upon supply conditions -- will go into effect.

In 1956, the schedule of flexible price supports contained in the Agricultural Act of 1949, ranging from 90 to 75 percent of parity, will become effective.

(When the indicated total supply does not exceed the "normal" supply by more than 2 percent, the level of support shall not be less than 90 percent of parity. For every 2 percent excess of the total supply above 102 percent of the "normal" supply the minimum level of support is reduced by 1 percent.)

For States designated by the Secretary as outside the commercial wheat-producing area, the level of price support shall be 75 percent of the level of price support to cooperators in the commercial wheat-producing area.

(b) Parity

"Modernized" parity, which takes account of inter-commodity price relationships during the most recent 10 years, will go into effect on a gradual basis. The transition from the old to the "modernized" parity will be at the rate of 5 percent per year beginning January 1, 1956.

2. Set-Aside Stocks

In order to first give producers an opportunity to start operating under flexible price supports without the handicap of the large accumulated surpluses, the Act provides for the setting aside and eliminating for price support determination certain quantities of CCC-owned commodities. The setting aside is limited to commodities acquired in connection with price support operations from 1954 and prior years' crops.

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For wheat, not less than 400 million bushels and not more than 500 million bushels shall be set aside for that purpose.^{1/} The quantity set aside shall be excluded from the computation of carry-over stocks for the purpose of determining the level of price support, but shall be included in the computation of total supply for the purpose of determining acreage allotments and marketing quotas.

The stocks set aside shall be reduced by methods of disposal specifically listed in the Act, and such disposal shall be unaffected by the pricing limitations of Sec. 407 of the Agricultural Act of 1949. The listed methods of disposal are essentially limited to donation, sale, or other disposition for foreign relief; sale or barter (including barter for strategic materials) to develop new or expanded markets; donation to school-lunch programs, and donation, sale, or other disposition for disaster relief in the United States, research, experimental, and educational purposes; and sales to meet the need for increased supplies at not less than 105 percent of parity.

Authorized also are sales of any commodity covered by the set-aside for the purpose of rotation of stocks or consolidation of inventories; such sales, however, shall be offset by purchases in a substantially equivalent quantity or of a substantially equivalent value.

3. "Normal Supply"

The carryover allowance in the definition of "normal supply" is increased from 15 percent to 20 percent of domestic consumption and exports. Since the level of price support is based on the ratio between total supply and normal supply, the changed definition of "normal supply" results, other factors being equal, in a higher support level than under the provisions of previous legislation. Also, the level of total supply at which marketing quotas are required to be proclaimed, is correspondingly increased.

4. Acreage Allotments and Marketing Quotas

(a) Non-commercial wheat-producing area

If for any marketing year the acreage allotment for any State is 25,000 acres or less, the Secretary may designate such State as outside the commercial wheat-producing area for such marketing year. No farm acreage allotment or marketing quota shall be applicable in such marketing year to any farm in any State so designated; and no acreage allotment in any other State shall be increased by reason of such designation.

^{1/} An initial set-aside of 400 million bushels was announced by the Secretary on September 15, 1954.

Based on the State allotments for the 1955 crop of wheat, the following 12 States have been designated as outside the commercial wheat-producing area: Arizona, Alabama, Connecticut, Florida, Louisiana, Massachusetts, Mississippi, Maine, New Hampshire, Nevada, Rhode Island, and Vermont.

(b) Proclamation dates

The date for proclaiming the national wheat acreage allotment is changed from not later than July 15 to not later than May 15 for the crop of wheat produced in the next succeeding calendar year. Also, the final date for proclaiming marketing quotas is changed from July 1 to May 15.

(c) Farm acreage allotments

Unused 1955 farm wheat acreage allotments voluntarily surrendered to the county committee may be reapportioned among farms in the same county; any remaining acreage is to be used by the State Committee for "new" farm allotments. Provision is also made for the permanent release of 1955 farm wheat acreage allotments and the reapportionment of such allotments.

For areas where summer fallow crop rotation of wheat is a common practice, a method is provided for establishing minimum 1955 farm acreage allotments for farms on which a summer fallow and wheat rotation was practiced for the 1952 and 1953 crops of wheat. The acreage required for such increased allotments shall be in addition to county, State, and national allotments.

(Multiple compliance, under which a producer must comply with all individual crop allotments to be eligible for price support on any crop ("cross-compliance") is not a directive of law but a regulation prescribed by the Secretary under Sec. 401(c) of the Agricultural Act of 1949.)

II. Corn

1. Price Supports

The same range and schedule of minimum support levels as provided for the 1955 crop of wheat is applicable for the 1955 crop of corn. As for all the basic commodities, transitional parity prices will not become effective until 1956.

2. "Normal Supply"

The carryover allowance for determining "normal supply" is increased from 10 percent to 15 percent of domestic consumption and exports. Since both the level of price support and the size of the acreage allotment for the commercial area are based on "normal supply", the revised definition results in a higher support level and a larger allotment than under previous legislation, other factors being equal.

3. Set-Aside Provisions - None.

4. Sales

Sec. 407 of the Agricultural Act of 1949 is amended to authorize the CCC until March 1, 1955 to sell at the point of storage any feed grain owned by the Corporation at 10 percent above the current support price.

5. Acreage Allotments and Marketing Quotas

(a) Marketing quotas

The marketing quota provisions of the Agricultural Adjustment Act of 1938 are entirely eliminated from legislation.

(b) Acreage allotments

The period of years used for determining the average yield for corn in the commercial corn-producing area is reduced from 10 years to 5 years, and the adjustment for trend in computing such yield is eliminated. Also, "normal yield" for corn for counties and farms is computed on a 5-year basis instead of a 10-year basis, and the adjustment for trends in yields is eliminated. Likewise, the base period used in apportioning the acreage allotment for the commercial corn-producing area to counties is reduced from 10 to 5 years.

III. Feed Grains Other Than Corn

There are no provisions in the Act affecting the policies, methods, and conditions of price support for non-basic grains as contained in the Agricultural Act of 1949. However, the CCC is authorized to sell feed grains owned by the Corporation until March 1, 1955 at the point of storage at the current support price plus 10 percent.

IV. General Provisions

1. Diverted Acres

Regulations issued by the Secretary restricting the use of diverted acres may be made on an appropriate geographical basis. Such regulations must permit the production of forage crops for storage and subsequent use in areas where feed reserves are required and permit the restoration of the normal pattern of agriculture in disaster areas.

2. Soil Conservation Payments

The Act provides for more stringent conditions of eligibility for payments under the Soil Conservation and Domestic Allotment Act. Any person who knowingly harvests any basic agricultural commodity on his has been determined by the Secretary to be in excess of the farm acreage allotment for such commodity for such year shall be ineligible for any soil conservation payment for such year. However, the Secretary is required to give farmers a reasonable opportunity to get into compliance on plantings of basic crops after they are found to be in excess of the allotment.



